FBIS DAILY REPORT

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CONTADORA PLENIPOTENTIARIES MEET TO DISCUSS ACCORD

Venue Changed 'Unexpectedly'

PA071715 Panama City ACAN in Spanish 1644 GMT 7 Oct 85

[Text] Panama City, 7 Oct (ACAN-EFE) -- The site for the Contadora Group meeting scheduled to begin today in this capital has been unexpectedly moved to Contadora Island, which gave its name to this peaceseeking group. The meeting was supposed to begin at 1100 in a conference room at the National Bank of Panama in this capital. However, a few minutes before 1100 the Foreign Ministry informed the press that the meeting had been moved to Contadora Island, in the Pacific Ocean off the Panamanian coast.

Delegates from Central America and the Contadora group -- made up of Mexico, Colombia, Venezuela, and Panama -- will meet to complete the drafting of the Contadora Document for Peace and Cooperation in Central America.

The Sandinist delegation was surprised by the change of venue, which they were informed of a few minutes after 1100, when the diplomats were leaving the hotel in business suits to join the rest of the delegates. The reason for this sudden change in plans is not known. The meeting is now scheduled to begin at 1400.

Final Document Discussed

PA082015 Panama City Domestic Service in Spanish 1820 GMT 8 Oct 85

[Report by Lilia Alhengor]

[Excerpt] The plenipotentiary representatives of the Central American countries who were present at the meeting of the Contadora Group, which within a 45-day deadline will establish the basis for the final document for peace in the region, began one of their last meetings to put the finishing touches on the agreement, which is contained to date in a 64-page document.

Panamanaian Foreign Minister Jorge Abadia ARias welcomed the Central American delegations Contadora Island, where he also conveyed to the meeting participants a message from Panamanian President Eric Arturo Del Valle, who asked that a spirit of mutual tolerance and understanding reign during the negotiations for the attainment of freedom, justice, and peace. Regarding the present phase of the Contadora Group efforts, Minister Abadia Arias stated:

[Begin recording] We take this opportunity to stress that we are now faced with the concrete hope for peace and that the Contadora Group effort, in addition to being the hope of Central America, has become an important contribution to the preservation of peace throughout Latin America, as it has grasped the relationship of cause and effect that exists between backwardness and the option for violence, injustice and social uprisings, and an empty-handed man and one who grips a fratricidal weapon. In acquiring a true awareness of these realities, we are thus better equipped to confront our peoples' problems and resolve them without delay.

We have reached agreement on many points on the most varied matters pertaining to the creation of a framework of peace within which we can coexist on the basis of political trust and good will. The rate of consensus attained by the Central American governments is a considerable advance and a decisive step of immeasurable value in the journey toward a negotiated solution to the Central American crisis. It is in these achievements, and not in problems and disagreements, that we should seek inspiration, strength, and perseverance for the long days before us. Today we begin to discuss the final draft of the Contadora document in the areas of control and reduction of armaments, execution and follow-up mechanisms for security and political affairs, and regarding military maneuvers.

I am confident that at all times during the 45 days provided for by this meeting you will all work not only on drafting the text, but on the effective and lasting establishment of solutions for all of Central America, where the tools of production will replace rifles, and plows will erase the tracks of the machines of death and destruction. [end recording]

Each of the representatives of the Central American countries expressed their governments' expectations regarding this meeting for peace in the area.

FDN Sends Contadora Warning

PA040215 Panama City ACAN in Spanish 0245 GMT 3 Oct 85

[Excerpts] Tegucigalpa, 3 Oct (ACAN-EFE) -- The anti-Sandinist Nicaraguan Democratic Force [FDN] today alerted the Governments of Honduras, Costa Rica, and the Contadora Group about an alleged forthcoming Nicaraguan attack along the border areas. The rebel alert was given by Enrique Bermudez, who is responsible for the strategic command of the FDN, through the clandestine Radio 15 September in a broadcast monitored at noon in Tegucigalpa.

According to Bermudez, "the Managua Sandinist regime is preparing to launch new attacks against Costa Rica and Honduras in border areas, under the pretext that they are attacking concentrations of counterrevolutionary guerrillas."

Bermudez said that "this alert is directed at the Governments of Costa Rica and Honduras and those of the Contadora Group (Mexico, Panama, Venezuela, and Colombia) so they will not be taken by surprise in any way by the war actions of the Sandinists."

The anti-Sandinist chief said: "We are alerting all of Central America about Sandinist intentions, because the new phase of this provocative aggression against Honduras has already begun."

He added that this phase "is in its period of justification propaganda, because the information and press chief of the Nicaraguan Sandinist Government, Manuel Espinoza Enriquez, has already started talking about counterrevolutionary concentrations along the Honduran border."

Bermudez said: "The Sandinists are after much publicity in the world when they accuse the United States and Honduras of fomenting the counterrevolution, justifying their provocative attacks on neighboring nations with expansionist purposes."

Bermudez added: "They (the Sandinists) are not capable of recognizing that the FDN has 18,000 fighters inside Nicaragua and that they are being defeated every day in various military actions."

FPMR COMMANDO GROUP OCCUPIES RADIO STATION

PY090132 Paris AFP in Spanish 0058 GMT 9 Oct 85

[Text] Santiago, 8 Oct (AFP) -- The popular Radio Santiago, which operates in the Chilean capital, was occupied tonight by a commando group of the leftist and clandestine Manuel Rodriguez Patriotic Front (FPMR). The station was forced to broadcast a long subversive proclamation lambasting General Augusto Pinochet's government.

The radio's usual programming was interrupted at approximately 2015 [0015 GMT], when a woman's voice called for an end to General Pinochet's dictatorship and for the paralyzation of the country. The anonymous voice said the time has come for combat, to carry out the ever-more-difficult tasks, and to prepare to resist even more violent repression. Now is the time to demand that the fighter give his best and to organize Rodriguezism in order to carry out the fight against the enemy.

The message was on the air for approximately 15 minutes and then Radio Santiago began to broadcast music without using announcers.

The FPMR claimed credit for occupying the radio station in telephone calls to the media in the Chilean capital. A large number of police and security agents arrived at the station to begin the appropriate investigation.

FINANCE MINISTER DISCUSSES ECONOMIC GROWTH

PY090208 Santiago EL MERCURIO in Spanish 26 Sep 85 p A1, A8

[Excerpts] Chilean Finance Minister Juan Carlos Delano, said yesterday that the country "has started to grow, again" adding that "there are several indications that make us think we have overcome economic stagnation." Delano made these statements at the opening of the congress of retailers. Interior Minister Ricardo Garcia also attended the ceremony, and urged the retailers "to work for their enterprises, and for their businesses but above all, to work for Chile."

During his speech, Minister Juan Carlos Delano made a detailed analysis of the national economic situation and its medium and long-term prospects. He added that the government has included among its economic goals the achievement of steady and sustained development. "For that reason," he said, "development-growth goals of 2 percent for 1985 and 3 to 5 percent for 1986-87 have been established."

The other goals are an inflation rate of 25 percent for this year, and of 15 percent for the next two years. Through additional measures in the labor and credit fields, the unemployment rate for 1987 will be 10 percent, because more than 150,000 jobs per year have been created. He pointed out the positive results achieved so far by popular capitalism and, referring to state-owned enterprises, he said: "All efforts are being made to transfer them to the private sector and to make the transfers permanent."

He also indicated that the government has alloted a large amount of resources to rescheduling private sector debts. He added: "This is not the time to seek general solutions because on the one hand, insufficient funds are available, and on the other hand, it is totally negative to impose greater sacrifices on the poorest classes in order to help the debtors."

"Based on what was said," he added, "I believe it is necessary to demand that we abandon complaining and putting pressures on the authorities and that we all contribute to 'case-by-case' solutions. We are ready to receive and analyze any suggestions that might help provide effective solutions to the debtors' problems." He insisted that the government "does not want easy solutions that may provide bread for now but bring famine for many years." He emphasized that "the restrictions are real and we can only overcome them with everyone's help."

Minister Delano announced that the government intends to reduce public expenses and use the resulting sums for state investments. For this reason, "we believe public investments next year will exceed this year's."

Referring to economic growth, he said: "We have restarted a sustained growth process, the fruits of which will be harvested particularly in the last 3 months of this year." He said that although the economy seemed stagnant during the second quarter, "this was a consequence of our efforts to reduce the tax deficit, which had reached an alarming 8 percent of the gross domestic product in the last quarter of 1984. This deficit came down to 4 percent during the first quarter of 1985, and it is now 4 percent."

The minister said: "We have started to notice specific signs of economic recovery now that the deficit level is appropriate to a sustained economic development." He also mentioned that production of goods this July was 3.2 percent higher than that of July 1984; that electricity consumption had increased by 7 percent, and the cement production by 20 percent.

BRIEFS

SANTIAGO UNEMPLOYMENT RATE -- A poll conducted by the Economy Department of the University of Chile reveals that the unemployment rate for the greater Santiago region, which includes 17 suburbs, was 16.2 percent in June of this year, which is less than the 18.4 percent for June of last year. [Excerpt] [Santiago EL MERCURIO 15 Aug 85 p B 3 PY]

FOREIGN CURRENCY RESERVES DOWN -- The Central Bank of Chile has reported that foreign currency reserves dropped to $111.8 million during the first 15 days of July of this year, thus increasing the nation's losses from $625 million in June 1985 to $737.1 million in July 1985. [Excerpt] [Santiago EL MERCURIO in Spanish 3 Sep 85 p B 1 PY]

GOLD EXPORTS DROP -- According to a study made by the Chilean Central Bank, gold exports have decreased by 5 percent since January 1984. Only $42.8 million (FOB) of gold were exported during the first 6 months of this year, the Central Bank reported. [Excerpts] [Santiago EL MERCURIO in Spanish 25 Aug 85 p B 2 PY]

OVERALL FOREIGN TRADE -- The Operations Department of the Chilean Central Bank has reported that overall Chilean foreign trade reached $3,448,000,000 during the first 6 months of this year. It has also been reported that overall Chilean foreign trade fell by 7 percent in relation to the same period last year because of a decrease in imports and exports. [Summary] [Santiago LA TERCERA DE LA HORA in Spanish 25 Aug 85 p 15 PY]

PRESIDENT GARCIA ANNOUNCES ECONOMIC MEASURES

PY071839 Lima Domestic Service in Spanish 0100 GMT 7 Oct 85

[Address by President Alan Garcia Perez' to the press from the Government Palace--live]

[Text] Messrs, journalists, I have summoned you to this meeting to inform the country, through you, about the reactivation measures proposed by the government that we have adopted as part of a policy in which we not only must struggle against prices, but also encourage the reactivation of our economy while at the same time promoting employment and production.

As you well know, difficult situations and events have arisen. However, I want to tell the country that, no matter how difficult and serious these events may be, Peru is not going to give up. Peru made its decision on 14 April and installed a new government on 28 July with the purpose of reactivating its economy and alleviating the dramatic situation of thousands of Peruvian citizens. This dramatic situation has prevailed for many years and now requires great efforts and decisions. Peru is not going to give up, no matter what the circumstances, attacks, or abuses, all of which are going to be overcome. The basic issue is to solve the economic crisis that is based on the social crisis the country is undergoing. Therefore, I reiterate that no obstacle is going to hinder our decision to transform the country and start an economic reactivation process that will bring relief and well-being to the majority.

As you well know, on 28 July the country was enduring an economic crisis that had developed throughout many years and which had caused an increase in the inflation rate, which, by the end of year, could have reached 250 or 300 percent. Inflation caused by price increases was rising fast, unemployment grew, and the economic paralyzation of our country, of our productive appartus, caused many factories and many hectares of peasant land to remain idle.

Before resolving this situation another problem had to be solved: The establishment of authority and the restoration of order in Peru, and this we have been doing. We have been restoring, within our society, the authority necessary for the great transformation we have in mind to begin. Although 60 days is not enough time to implement a deep-rooted productive reactivation and economic transformation program, something has been proven in the last 60 days: that when a country has the authority and will to do so it can start to solve its problems.

From an inflation rate that could have reached 300 percent by the end of the year, we have managed to slow down the price increase. This is a fact and it means that the measures that were implemented -- the reduction of interest rates from 280 percent to the current 45 percent, the price control to which the Peruvian citizens have decidedly contributed, the establishment of an exchange rate that allows us to manage our relations with other countries, and the establishment of a ceiling to the payment of our foreign debt that has caused so much damage by mortgaging our country for the past years -- in only 60 days have drastically and substantially reduced our inflation. I have come before you to say that this is only a portion of the economic program that we must implement. We do not believe that the problem can be solved in 60 days. The country's economic deterioration is too serious to be able to do much in view of the serious economic crisis we are enduring in only 60 days. However, we can in fact show how price increases can be substantially curbed when there is a will and a desire for a change -- that is, when the principle of authority and order in the country has been restored. This order means setting great objectives and marching toward their achievement with authority.

It is an order with justice, an order that will be maintained, an order that means a Peru free of privileged or neglected sectors, but that also means that we all focus our efforts on the same objectives to overcome the crisis we are now enduring.

The reduction of interest rates, the price freezes, and the new approach to the foreign debt problem implemented throughout the past 60 days have substantially reduced the inflation rate. Now we must take a second step. A great sector of the Peruvian industrial and agricultural sectors are underemployed and exploited below their production capacity, and this entails a lot of unemployment and the backwardness and economic paralyzation of our country.

While addressing the question of how to reactivate our economy, we wish to announce to the entire nation a package of measures. Copies of these measures, contained in dozens of supreme decrees that each have a specific purpose in the productive reactivation process, will be distributed to the media. These measures have been taken because we need to promote production by increasing employment and, at the same time, by preventing price increases.

The reactivation measures we are proposing have three main objectives. The first objective is to consolidate the struggle against inflation. We must prevent prices from once again soaring upward. Therefore, I want to announce to the entire country that during the course of this year we will maintain a stable exchange rate. As a consequence, during the course of this year there will be no more devaluations, there will be no more increases in the price of fuel, and there will be no more increases in public service tariffs.

In the second place, we have decided to decree a new reduction in interest rates. As you well know, interest reflects the cost of money. The productive sector needs loans, for which interest must be paid. Until a few months ago that interest rate totaled up to 280 percent. First we reduced it to 110 percent, then to 75 percent, and now we have reduced it to 45 percent. As a consequence, production costs should drop substantively, and this, in turn, will contribute to preventing price increases. As a consequence, through a supreme decree we are issuing, we are establishing a new financial adjustment measure; all those who have contracted loans at the previous interest rates must adjust their debt to the new interest rate, thus reducing the amount to be paid back. This will bring relief to producers, to those who have contracted loans for the purpose of generating wealth. Therefore, with these new interest rates, with the new financial adjustment measure, and with the government's decision not to maintain the rate of exchange and not to increase the price of fuel, we will have set the paths for reactivation without the need to increase prices.

Moreover, we propose that some taxes be reduced or lifted in order to encourage the production of some goods at better prices. For example, through a supreme decree that we are going to release, we are lifting the sales tax on some basic products for our people. Sales taxes will not be paid on shoes, candles, detergents, soaps, cooking oil, tea, and other products. Thus, those products that are essential to our people are exempted from the sales tax. And so the most needy sectors of our population may have a better economic situation, which is necessary for their well-being, we are reducing the current price for kerosene by 15 percent through a decree that we are issuing. These measures are aimed at consolidating our struggle against inflation. As a consequence, the cost of money and, in turn, the cost of production, is reduced to prevent price increases.

I once again call upon all the Peruvian people for their cooperation, because nothing can be done without this cooperation to control prices and prevent speculation, disorder, and selfishness from pushing those prices up when there are economic measures -- such as the ones we have just announced -- that should prevent price increases on future production.

In the second place [as heard], we do not want only to consolidate our struggle against inflation or increased prices. We also want to promote production. How does one promote production in a country such as ours that over the past 10 years has seen its factories gradually paralyzed, the machines stop producing, and land abandoned? The first way to promote production is by increasing demand. If no one buys, the factories and land are abandoned. We must promote our people's purchasing power. Therefore, we must increase our workers' income. We do not want to irresponsibly increase salaries while production does not increase.

But we must promote demand, that is, purchasing power, without the salary increase affecting production costs. Many a times when a salary increase is proposed, the businessmen and producers add that increase to the cost of the final product. We have taken into account some means through which one can prevent salary increases from affecting the price of products. One of these means -- established through a supreme decree -- is that all wage earners and employers pay wage taxes. Every person who earns a salary pays 2 percent and the employer also pays a 2-percent wage tax. The state hereby relinquishes this tax on the condition that this tax, which amount to 4 percent of the salary, be paid to the workers from now on. In this way we will increase the workers' income. In sum, this represents a real 4-percent increase for public and private sector employees and has no bearing on production costs.

In the second place, during the next few months we must encourage our workers' consumption and purchasing capacity. We have decided that our employees and workers of the public sector can receive administrative loans aimed at encouraging consumption. Through a supreme decree, we have authorized the ministries to grant administrative loans of up to 1 million Peruvian soles to workers. The purpose of these loans is to promote consumption. They are payable in 15 months, free of interest, and in 15 installments.

In another supreme decree we are also establishing the possibility of additional work hours in the various enterprises. We are establishing a special labor regulation to allow these additional work hours. Under the current difficulties and the attempt to reactivate our economy, we need to grant all possible facilities to create new jobs. In addition to this, we must implement a massive employment program. A total of 110 billion Peruvian soles have been earmarked for the massive employment program that will be implemented, with special attention on our shantytowns. This program has already been implemented in order to increase or to create among the unemployed a consumption and purchasing power that, in turn, will boost production.

The Peruvian state itself, which is the biggest client of the Peruvian economy, has previously channeled large sums of money for purchases from foreign enterprises. We believe that if we want to nationalize our economy, the state must purchase from the national enterprises. We have witnessed how, although the factories were paralyzed, the state continued to purchase textiles and vehicles from abroad. Through another supreme decree we have established that the state should grant preferential treatment to Peruvian enterprises for the purchase they are required to make. And this is a commitment that the state itself must undertake. Moreover, in order to promote the productive apparatus, we must not only promote demand -- that is, the country's purchasing power -- but help the productive sector through real loans granted at the new interest rates that will allow the productive reactivation.

Therefore, we have expanded the national credit lines with the new reduced interest rates. As a consequence, the loan limit to which our businessmen have had access has been increased by hundreds of thousands.

In this regard, there are a series of measures that will be distributed to the national media. Among them, for example, is the Andean Development Corporation credit line (?granted) to the Central Bank for $25 million, approximately 400 billion soles, to strengthen industrial activities. Measures to promote savings in Peruvian soles are also being established. Now that we are trying to nationalize our economy, now that we are preventing speculation in foreign currencies, we must promote the opening of bank savings accounts in Peruvian soles. For this we have created the savings certificate. In the banks' superintendency circular that is also being distributed to the media, the journalists will find the conditions necessary to obtain these savings certificates.

The export of nontraditional and traditional goods must also be promoted. The domestic market must be strengthened and safeguarded by establishing a list prohibiting the importation of certain goods. A package of supreme decrees also establishes the credit facilities granted by the Agrarian Bank for peasant communities and the new 19-percent interest rate for people living in (?mountainous) areas. This interest rate for peasants has dropped from 100 percent to 19 percent as a means of effectively promoting the food and agricultural supply in our country.

There are other measures of support, such as substantially increasing import taxes on liquor; setting a more flexible policy in granting import permits for products with a value under $500 and establishing a limit for each importer; reducing import taxes on inputs for the iron and steel manufacturing sector, such as coke, semicoke, and ferro-manganese; encouraging and facilitating the operation of the Cachimayo enterprise, a fertilizer plant in Cuzco, to expedite the production of this important resource; authorizing the transfer of state funds, such as credit lines, amounting to hundreds of millions of Peruvian soles to the Agrarian Bank, the Industrial Bank, and the Mining Bank. There are some of the supreme decrees and means through which we want to promote the productive capacity of Peruvian industry by resorting to credits, customs taxes, the granting of (?certificates), and the state's effective contribution to basic enterprises, such as the Peruvian Enterprise for Fishing Services.

After mentioning these series of means and decrees, we are going to refer to the second subject: support of the productive reactivation.

In addition to promoting demand, increasing consumption, and protecting our people from increased prices, there is a fundamental issue: How can an economic reorganization process in the country be promoted?

We have already stated that the reactivation cannot be carried out only in Lima, in the urban industrial sectors, or among the sectors of the country with a higher income. We continue to maintain that the economic activities of the country must be decentralized; we continue to maintain that reactivation programs must be implemented in the most neglected and peasant areas of our country. Therefore, I want to announce the development program to be implemented in the emergency zone for which 84 billion Peruvian soles have been earmarked. This quantity is in addition to the budget of the municipal organizations in the state of emergency zones.

We are also going to implement the microregional program with an additional investment of 65 billion soles. We are going to promote the massive employment program, which I have already mentioned; we are going to promote the state's capacity to act in a businesslike manner in order to reorganize its public enterprises by preventing excessive red tape and expenditures from restricting the investment possibilities of our country.

I hereby announce that the state will act pragmatically with regard to the public enterprises that do not have a strategic purpose of an economic importance and that have accidentally been placed in the hands of the state -- sometimes because they had gone bankrupt and for no better reason have remained in the hands of the state.

It has been stated that the state holds shares in theaters, poultry shops, and feed lots. We are going to start selling those resources that do not play an important role in the program that the state must implement.

Among other subjects aimed at promoting the country's economic reorganization is the decision to stop, as of 29 August, sending foreign currency derived from oil production abroad. A decision has also been made to ensure compliance with the principle that those who have more should give more. Thus, banks, financial agencies, insurance companies, and major mining companies will have to buy, under the law, national development treasury bonds.

The largest companies, with the highest margins of profits in 1984, must now buy national development treasury bonds for an amount equivalent to 40 percent of their 1984 profits. This will allow us to increase our liquidity and our cash availablity, and to channel those resources toward productive investments benefiting the poorer sectors of the population.

This package of legal instruments, decrees, and exchange rate resolutions will be released to the media so it can be analyzed and so the public will know the details of this first production reactivation step.

We have inherited a country plunged in a serious socioeconomic crisis. I believe that during these first 60 days we have confirmed that it is possible to curb the inflation rate if unity exists and if the nation is willing to work.

Now we must see whether our businessmen, company owners, and workers can set our country in motion. The duty of the state is to support this process, through which new jobs will be created and higher production levels will be reached, without causing price hikes.

I have full confidence that our country will take this course, after many years -- almost a decade -- of stagnation and recession, idle factories, and neglected agriculture. I am convinced that our increased demand will set in motion our productive apparatus, and that new jobs will be created in areas that are both productive and necessary. This will meet the demands for well-being and justice posed by the large majorities.

Unlike on many previous occasions, the state will not be a source of political favors or an employment agency for any political party. The state will no longer create a single unproductive job. We must be categorical and strict. The state cannot unproductively allot its funds. All state funds should be channeled toward the productive sectors, like agriculture, mining, and industry, and to all the sectors that can yield a profit that can be fairly shared by all Peruvians.

On announcing the details of these legal instruments for the reactivation of our country, I would like to tell the Peruvian people that over these first 60 days of my administration I have realized the magnitude of the Peruvian people's generosity. We may have to confront painful situations. The country we have inherited has crowded prisons. The country we have inherited is marked by injustice and demands. This cannot be solved in 60 days.

However, nothing will make us give up our plans to curb inflation, increase production, and increase the people's real income.

I once again ask Peruvians to await with expectation, to have faith, and to play in our country's game. No one can remain either indifferent or passive toward the dramatic conditions in which we received this nation. Sixty days are very few. Yet nothing will make us give up our objective of reactivating our country over the next 4 years, ending unemployment, and strengthening justice.

Those who have more must give more to their country. Those who have less should not lose hope or become discouraged, but must await with expectation and faith.

We will introduce major changes in our country. The first step has been the fight against inflation. It has been clearly proven that price hikes can be halted if there is a willingness to do so. The second step will be to boost production. Without production, there will be neither well-being nor jobs. The third step must be a just, deep, structural change in our economy.

Like all Peruvians, I was astonished to see that some hectares of land without any houses on them were cleared in compliance with a court order, in an operation that claimed one life and that caused discouragement and hopelessness. A court order was complied with, in conformity with the constitutional principle that the police must fulfill the orders issued by the courts. I want to say, though, that the courts on many occasions apply laws that are not just, because it is not possible that some real estate agencies should maintain idle lands for speculative purposes while so many Peruvians do not have a house to live in.

I am hereby announcing that the third step to be taken by this government, which wants to transform Peru, will be to put an end to speculation and to unproductive capital manipulations. We cannot coexist with misery, benefiting those who want to make a profit at the expense of the impoverished majorities.

I am hereby announcing that I will submit a draft law to Congress establishing that all lands where no houses have been built will be expropriated in conformity with the projections and needs established by the Housing Ministry. This will allow for the rational growth of Lima, without disorder or distrubances. We do not uphold squatting. But neither do we uphold unproductive speculation by those who expect to make a profit at the expense of the majority of the people who do not have a house to live in.

The third step we will take will be a major structural change in our socioeconomic organization. Therefore, I ask the people who have supported this administration over these first 60 days to support this transformation and strengthen our possibilities, despite the mutinies, abuses, and God knows how many boycotts and sabotages that are being concocted by those who do not want a popular transformation, and despite any disagreements that may arise.

I am convinced that Peru deserves a greater and better future. The people supported me on 14 April, and the people have stood by my side during these 60 days. When I addressed the nations of the world to demand respect for our people's right to have our own economic identity and to demand that the financial agencies -- which had become used to mistreating us and imposing conditions that are impossible to fulfill -- I felt the Peruvian people were also standing by my side. I have faith in the Peruvian people's will. That is why I am now doing what the economy minister should be doing. That is why I am saying, in plain words: These are the specific objectives of our reactivation plan. We will submit them to the consideration of the Peruvian people. If there is anything to change, we will change it.

However, nothing will stop us and we will slowly, prudently, and patiently -- we have learned to be patient over long decades -- implement the structural transformation of our country toward justice and freedom. Thank you very much, messrs, journalists.

UPCOMING ARMS TALKS WITH ECUADOR, CHILE DISCUSSED

PY042219 Paris AFP in Spanish 0143 GMT 4 Oct 85

[Text] Lima, 3 Oct (AFP) -- The separate talks the Peruvian foreign minister will hold with his Chilean and Ecuadoran counterparts in October and November will be a serious attempt at arms reduction, Peruvian Navy Minister Admiral Julio Pacheco Concha stated here today. In a press conference, Pacheco Concha added that these talks will help preserve peace, safeguard national sovereignty, and allocate larger resources for promoting the development of our countries.

The proposal to promote disarmament was made 2 months ago by Peruvian President Alan Garcia, a social democrat, in his inaugural address. The three countries, which in the past were involved in border conflicts, have earmarked large resources for safeguarding their borders.

The talks were announced yesterday by Peruvian Foreign Minister Allan Wagner, who said that by mid-October he will go to Quito to meet his Ecuadorean counterpart, Edgar Teran, and that during the first half of November he will go to Arica to hold talks with his Chilean counterpart, Jaime del Valle. The contacts Wagner is planning to make, not only to reduce arms spending, but also to strengthen bilateral cooperation between neighboring countries, have been described as important by Peruvian diplomatic sources.

Admiral Pacheco said Peru is aware of the need to reduce arms purchases and that those persons who will be sitting at the negotiating table earnestly share the same desire. Pacheco added that the Peruvian Navy is not planning to purchase new ships and that it recently disposed of five ships that were still operational but which were not important from a military standpoint. Pacheco said: The dollars that will be saved by reducing arms purchases will be invested in projects that will benefit our peoples. The Peruvian Navy is aware of President Garcia's concern.

MILITARY, GUERILLA MASSACRES, FIGHTING REPORTED

State of Emergency Extended

PY072055 Lima Radio del Pacifico in Spanish 1700 GMT 7 Oct 85

[Text] The Interior Ministry has extended for another 60 days the state of emergency in several provinces in the departments of San Martin, Huanuco, Pasco, (?Junin), Huancavelica, and Apurimac. Individual liberties granted under items 7, [two numbers indistinct], and 20 of Article 2 of the Constitution are therefore suspended. Through a government decree, the Armed Forces will continue exercising political and military power during the period this state of emergency is in force.

Military May Have Killed 63

PY041532 Paris AFP in Spanish 2128 GMT 3 Oct 85

[Text] Ayacucho, 3 Oct (AFP) -- Attorney General Cesar Elejalde yesterday received reports on the massacre of 63 Peruvian peasants, possible by a military patrol.

The massacre occurred in the Andean localities of Umaro and San Juan de Bellavista, in Ayacucho Department. Another similar massacre, in which 50 peasants were killed, occurred in Accosmarca.

Angelica Mendoza, president of the Missing Relatives Association, has reported that on 27 August a military patrol raided these localities, 180 km east of Ayacucho, where the 63 peasants -- among them 35 children -- were murdered. The report lodged with the attorney general, to which a list of 40 alledgedly identified victims published by a local newspaper was attached, cited the account given by a survivor of the massacre -- Antonia Janampa Guispe -- to Senator Javier Diez Canseco on 27 September. Janampa, an old peasant woman who came from her distant village, revealed that men, women, and children accused of hiding terrorists were tortured and killed. Several were burned inside their houses.

Senator Diez Canseco, a member of the congressional committee that is investigating the events that occurred in Accosmarca on 14 August, asserted on that occasion that the political-military command in the Ayacucho emergency zone had claimed that the massacre stemmed from a clash between military forces and Shining Path members that left 29 terrorists dead. However, Diez Canseco insisted that this massacre was reported in writing to the committee on 16 September -- 9 days before the political-military command reported it as a clash.

The attorney general, now on an inspection visit to Ayacucho, has promised to have the case investigated and to press charges in the mass murder of the Accosmarca peasants. Provincial Ad-Hoc Prosecutor Elvia Barrios will submit the charges to Ad-Hoc Judge Mario Huamani Ore. Both attended the preliminary investigations in Accosmarca a few days ago. Army Third Lieutenant Gelmo Hurtado and the chiefs of the military bases of Vilcashuanman and Cangallo, in Ayacucho Department, will be brought to trial on charges of being responsible for this horrible massacre. Nevertheless, War Minister Jorge Flores Torres, who also has been in Ayacucho recently, has said that the case must be heard by a military court because it deals with military actions in war time.

Officers Accused of Killing 7

PY031416 Lima Cadena Panamericana Television in Spanish 0300 GMT 3 Oct 85

[Relay from Ayacucho by Mario Cueto Cardenas]

[Excerpt] Provincial Judge Simon Palomino has submitted formal charges to the judge in Huanta against four members of the Army who are considered responsible for the death of seven peasants arrested by members of the security forces and whose bodies were later found in a grave in the Pucayacu zone. These bodies were disinterred on 29 August and then identified by their relatives. The Army officers charged with these deaths were identified as Army Commander David Lama, Major Wilder Campos, and Corporals Evaristo de la Cruz and Jose Gutierrez.

Hamlet, Power Lines Attacked

PY281745 Lima Cadena Panamericana Television in Spanish 0300 GMT 28 Sep 85

[Excerpts] Last night, a Shining Path column attacked the modest hamlet of (Huaila) in Tambo district, Ayacucho Department, and murdered 14 peasants.

Five others were wounded, and half the houses in the hamlet were burned down. This report was confirmed today by the Ayacucho political-military command, and it was said that the attackers numbered over 100.

Our special correspondent has arrived in a remote rural area where the Shining Path tried to blow up 10 high-tension power pylons 2 days ago, destroying four of them. The following is an exclusive report:

[Begin recording] At dawn on 25 September, an attempt was made to blow up four power line towers with 20 dynamite charges on the 75-km line between Cobriza, Huanta, and Ayacucho. Fortunately, the dynamite charges only affected the bases without causing much damage. The Cobriza-Huanta-Ayacucho power line is vital for the prosperity and development of Ayacucho, which is now suffering from continuous energy shortages, paralyzing commerce, small industry, handicraft, and even daily life. [End recording]

Helicopter Crashes in Fighting

PA291719 Buenos Aires REUTER in Spanish 1648 GMT 29 Sep 85

[Text] Lima, 29 Sep (REUTER) -- A Peruvian Air Force helicopter crashed, plunging to earth and injuring its crew members who were supporting an antisubversive operation in the Andes Mountains, the Aeronautics Ministry reported today. The accident, the cause of which is being investigated, occurred yesterday in Carharuan in the high region of the strife-torn Andean province of Ayacucho in view of the armed struggle staged there since 1980 by the Maoist Shining Path movement.

A ministry spokesman said that Captain Jose France and subofficer Vicente Kenaya are recovering from injuries in a military hospital here. The third crew member remained in Ayacucho.

The spokesman dismissed the possibility that the helicopter was hit by the Shining Path in an attack, and said that it probably had a mechanical failure.

The crew members saved their lives by jumping from the aircraft immediately after it crashed and before it went up in flames, the source added.

Army soldiers with the support of helicopter gunships are waging a fierce struggle against the rebels, who normally attack remote townships located in the Andean regions of Apurimac, Ayacucho, and Huancavelica, 600 km southeast of Lima. The Air Force has lost four helicopters since the Shining Path began its armed struggle, which has claimed approximately 6,000 victims so far.

Shining Path Increasing Attacks

PY071625 Madrid EFE in Spanish 2328 GMT 6 Oct 85

[Text] Lima, 6 Oct (EFE) -- In the last 48 hours a new offensive by the Peruvian Shining Path terrorist organization has killed seven people, injured two seriously, carried out 10 bomb attacks, and ransacked a town. Confirming recent remarks by Peruvian military commands, the Maoist organization is increasing its attacks.

In Huanta, Ayacucho, a policeman was seriously injured in a confrontation with presumed Shining Path terrorists who, armed with grenades and submachine guns tried to enter the local prison. The event took place last night when guard Daniel Colmenares received a gunshot wound while his colleagues managed to repel the attack.

Yesterday, in the town of Cerro Pasco, the Shining Path terrorists attacked in broad daylight and exploded 10 bombs. Two men and a woman placed the explosives in two banks, while another subversive group placed bombs in a water reservoir, the town hall, power pylons, and at a ceremony marking the 100th anniversary of the death of the Peruvian doctor Daniel Alcides Carrion.

On Friday the Shining Path members attacked the small town of Rangualloc, located 4 km from Huanta. A Column made up of 200 terrorists ransacked and set fire to the houses of the authorities and the richest inhabitants. Rangualloc has the so-called peasant vigilantes who fight against the Shining Path. The terrorists looked for the town authorities but were unable to find them because they had been warned and had fled.

In Riachuelo de Pucayacu, Huanta Zone, three policemen confronted a group of approximately 20 rebels last Friday, 4 October, when two terrorists were killed. The incident took place when Shining Path members intercepted a bus carrying 40 passengers, whom they forced to pay a tax, according to the passengers' reports. When police arrived another terrorist was wounded.

Finally, in the northern department of Huanuco, five peasants were murdered and cut to pieces with machetes in several small villages on 4 October. These assassinations were attributed to Shining Path and were reported to the town of Tingo Maria by fugitives of the massacre, most of whom were wounded.

Lima IBM Office Bombed

HK080556 Hong Kong AFP in English 0547 GMT 8 Oct 85

[Text] Lima, Oct 8 (AFP) -- Maoist Shining Path commandos carried out a wave of bombings here Monday to mark the 57th anniversary of Peru's communist party.

Dynamite blasts blacked out part of this capital at 8 p.m. Immediately afterward, three neighborhood offices of the ruling Aprista (social democratic) Party were dynamited. Three people were killed in one of them.

In the morning, a car bomb exploded in front of International Business Machines offices. Commandos threw bombs at two banks and four other buildings. Those blasts caused heavy damage but no injuries.

Police said Shining Path had planned to attack Lurigancho Prison here under cover of the blackout to free 350 guerrillas detained there. But discovery of that plot led to a police weapons search and pitched battle at the guerrilla's cell block Friday. Thirty-two prisoners were killed. They were burned to death by fellow prisoners to keep them from surrendering or were shot by police, according to conflicting reports.

Army Chief on Antisubverson

PY051543 Paris AFP in Spanish 0242 GMT 5 Oct 85

[Text] Lima, 4 Oct (AFP) -- Army Commander General German Ruiz Figueroa reported today in Lima that since the initiation of subversive actions (1980) in the Ayacucho emergency zone, the Army has sustained 80 deaths; the Navy, 14; the Police, 210; and approximately 300 personnel have been wounded.

During a visit to Tacna, 1,236 km south of Lima, Gen Ruiz Figueroa said that complete tranquillity prevails in the country, with the exception of the Ayacucho Emergency Zone. Conceding that subversion has intensified in the Andean Ayacucho region, a guerrilla stronghold, Gen Ruiz Figueroa charged that Shining Path guerrillas have been using military uniforms with the clear objective of discrediting the Armed Forces. Gen Ruiz Figueroa also charged some media organizations -- without naming them -- with attempting to discredit the Armed Forces.

Commenting on the case of Third Lieutenant Telmo Hurtado, who was charged for the 14 August murder of 50 peasants in Accosmarca, Gen Ruiz Figueroa said: Hurtado was fulfilling his military duties. Therefore, if he committed any crime, he should be tried by a military court.

APRA Buildings Bombed

PY091256 Madrid EFE in Spanish 1556 GMT 8 Oct 85

[Text] Lima, 8 Oct (EFE) -- Three members of the ruling APRA [American Popular Revolutionary Alliance] party died and six APRA buildings were bombed in several attacks that the Shining Path guerrilla group staged in Lima last night.

According to reports released today, Jorge Samanez, 22, Maximo Cordero, 35, and Aurelio Arana, 19, died at the hospital where they were taken after being wounded during a Shining Path attack against an APRA building in Villa El Salvador.

The terrorists broke into the building in the middle of a training course, shot bursts of submachine gun fire at some 50 people who were inside the building, and hurled bombs before leaving.

Five other APRA buildings in Lima also were attacked last night, but no casualties have been reported. The bombings caused considerable damage.

A Credit bank branch building was also bombed last night in Callao, the port of the Peruvian capital.

The wave of attacks began early on 7 October, when a car bomb parked in front of the IBM building, in the La Molina district, exploded and caused substantial damage. Shining Path members also hurled dynamite sticks at the building of a company in San Miguel district that stores fuel and operates tankers. A small fire began, but it was quickly put out. Shining Path members also placed a red flag with the hammer and sickle on it in the Lima central market place. In addition, bombs were placed in the La Aurora marketplace, but they did not go off.

In the densely populated El Agustino neighborhood, the guerrillas hurled bombs at two banks and at a children's hospital. They also threw a gasoline bomb at a school building. At night there were brief blackouts in Lima, and the hammer and sickle was seem formed with torches in a neighborhood.

A noncommissioned policemen was shot dead by unknown people after he identified a vehicle that had been stolen. It is believed that the murderers, who were inside the car, are Shining Path members.

Apparently, this is how the guerrillas have commemorated the 57th anniversary of the creation of the Socialist Party by Peruvian revolutionary Jose Carlos Mariategui.

U.S. OFFICIALS CHARGED IN 'SEDITIOUS SCHEME'

PA090020 Panama City ACAN in Spanish 2328 GMT 8 Oct 85

[Text] Panama City, 8 Oct (ACAN-EFE) -- Panamanian authorities have charged that officials of the U.S. State Department and local opposition politicians have been developing a "seditious scheme" against this country's stability since last year.

The charge was announced last night by Lieutenant Colonel Julio Ow Young, intelligence chief of the Panamanian Defense Forces, during a secret meeting with the Council of State. The charge was reported to ACAN-EFE today in a document labeled "confidential."

The report states: "Forces hostile to the constitutional government have been carrying out a seditious scheme against the country's institutional stability and democratization process and against the independent economic model proposed by Torrijos followers. The scheme also goes against Panama's participation in the Contadora Group and its independent foreign policy."

The report added that the seditious escalation would culminate with a request for "the intervention of forces that can establish a new order," a role to be played by the U.S. troops stationed in the Panama canal area. Authorities hold opposition political leaders responsible for this "seditious scheme." Authorities also blame "certain officials of the U.S. State Department" and some members of the U.S. Embassy in Panama, as "outside instigators."

Official sources have revealed that relations between Panama and the United States are currently experiencing very difficult moments. A spokesman at the U.S. Embassy told ACAN-EFE that there is still no official U.S. reaction to the charge.

The mai.. objectives of this "sedition," according to the document, would be "to isolate the Panamanian Defense Forces from the major national sectors, and to weaken its prestige and autonomy, with the exclusive aim of turning the Defense Forces into an instrument of coercion at the service of the strategic plans of the authors of this plan."

Another objective would be "to seize power" and "to align Panama within the continent's economic reorganization proposed by the IMF and the World Bank, thus reorganizing the country's economic structure to benefit the transnational corporations." "To align Panama within the regional operative aiming to neutralize and do away with the Contadora Group," and to make this country "one of the countries militarily involved in the Central American conflict," is part of the "sedition plot's objectives." The document added that the plan also seeks to place Christian Democrats, who are currently the opposition party in Panama, "at the helm of each government of the area countries."

The plan, according to the Panamanian authorities, is intended to "discredit" the military forces by "arousing suspicion and mistrust concerning its commander, provoking confrontations among the Defense Forces and the organized national sectors, and advocating and provoking internal contradictions" within the military forces, among other conditions. The plan is also aimed at discrediting and dividing the government sectors "in order to assume power once the scheme provokes a lack of initiative, authority, and leadership."

The "sedition" is resorting to misinformation and violent provocations, among others, using "alleged civic organizations" as their "means."

According to the confidential document, the stepped-up destabilization process would lead to an intervention by "forces capable of establishing a new order." The document adds: "In Panama's case, these troops could be the foreign troops still stationed in the canal area," referring to the U.S. Army's Southern Command.

The Panamanian authorities' denouncement includes various interferences by the United States in the Contadora Group's peace negotiations and, in the "internal sector," and lists a series of actions that include the kidnapping of opposition leader Mauro Zuniga on 21 August and the murder of former guerrilla leader Hugo Spadafora on 14 September.

More on U.S. 'Scheme'

PA090343 Panama City ACAN in Spanish 0244 GMT 9 Oct 85

[By Agustin de Gracia]

[Text] Panama City, 8 Oct (ACAN-EFE) -- Today, Panamanian authorities unveiled a number of measures adopted by the U.S. State Department "against Panama's participation in the Contadora Group."

The charge is seen as part of a "seditious scheme" against the country's stability, for which Panama is blaming political opposition leaders, "some U.S. State Department officials, and some members of the U.S. Embassy in Panama."

These plans were disclosed yesterday by Lieutenant Colonel Julio Ow Young, intelligence chief of the Panamanian Defense Forces, during a meeting with the Council of State. A summary of his statement has not yet been disclosed. The U.S. Embassy in this capital has not made any comments on the matter.

One of the objectives of this plan was "to align Panama within the regional operative aiming to neutralize and do away with the Contadora Group," as was stated in the document, which ACAN-EFE has had access to. The charge coincides with the meeting that is being held between Central American representatives and the peace group comprising Panama, Mexico, Colombia, and Venezuela, to complete the drafting of a regional peace treaty.

Panamanian authorities have asserted that the U.S. State Department developed a series of "countermeasures" in an action "parallel" to the previous meeting of the Contadora and Central American foreign ministers held in Panama City on 12 and 13 September. The "countermeasures" mentioned include the dissemination of a U.S. Government document "about the need to provoke a collapse of the Contadora Group." In addition, the authorities have asserted that U.S. ambassadors to Central American countries held a meeting in Panama City "at a U.S. military base presided over by Elliott Abrams, the new U.S. assistant secretary for Latin American Affairs."

The summary of Lt Col Ow Young's speech continued: "This meeting was held without advising the national government, despite the fact that it took place in Panamanian territory."

Later, Ow Young met with Panamanian Foreign Minister Jorge Abadia ARias, who "had to protest the expressed intention of provoking the collapse of the Contadora Group." According to the document, U.S. Ambassador to Panama Evorett Briggs met later with then Panamanian President Nicolas Ardito Barletta "in order to protest the damage inflicted to the image of Assistant Secretary Abrams."

The report cites the border incident between Honduran and Nicaraguan troops as being "of limited development," and as another of these "countermeasures" which "constituted an additional destabilizing factor against the Contadora process."

On 13 September, Honduran airplanes attacked a group of Sandinist helicopters, one of which was downed after the Tegucigalpa government reported the bombing of Honduran territory by Nicaraguan artillery.

These actions, according to the official document, did not prevent the "important achievements made" at the Contadora meetings on 12 and 13 September. "Nevertheless," it adds, "these achievements were followed by new actions within the scheme destined to topple the Panamanian Government, to make it the weakest member of the peace-making group."

Meanwhile, Panamanian authorities stated that U.S. Secretary of State George Shultz met at the United Nations with the foreign ministers of Costa Rica, El Salvador, and Honduras "to establish a course of action in response to the Contadora proposal. [no end quotation mark as received]

This is the harshest criticism that has been made against the U.S. policy toward the Contadora Group by authorities of one of the countries promoting the peace-making effort in Central America. These criticisms have emerged when the peace negotiations in Central America are, after more than 2 and 1/2 years of efforts, in the final stages of preparing the Contadora document for peace and cooperation in Central America.

Del Valle Comments

PA081321 Panama City CRITICA in Spanish 8 Oct 85 p 1, 2

[By Hollis Robinson]

[Text] President Eric Arturo del Valle presided yesterday afternoon over his first formal cabinet council, with the participation of Vice President Dr Roderick Esquivel, ministers of state, and chiefs of the autonomous and semi-autonomous entities of the nation. Speaking at the cabinet council, President del Valle announced the opposition has launched a seditious plan to oust the constitutionally established administration.

The president added that the instigators of the seditious escalation have used the kidnapping of Dr Mauro Zuniga and the murder of Dr Hugo Spadafora to promote their plans, and therefore he [del Valle] has requested the help of the Defense Forces in order to foil this subversive movement.

President del Valle thanked each and every member of his government team for accepting their appointment by the president in order to help him in his executive tasks, and added that they will receive all the support of the executive branch, as long as they work in good faith for the benefit of Panama.

The young president also requested that all members of his administration work together -- regardless of political leanings -- as a single group for a united UNADE [National Democratic Union.]

He also said that Panama has been staggering for the last year and therefore is at an impasse, but he was sure that the present administration was going to do its very best, with the support of all of its members, to pull this country out of the impasse.

State Council Warning

PA081840 Panama City Circuito RPC Television in Spanish 1730 GMT 8 Oct 85

[Text] The General State Council, the most important consultative body of the government, met after having been convoked by President Eric A. Del Valle. After carefully analyzing the political, social, fiscal, and economic conditions of the country, it has called on all Panamanians to join efforts to secure peace and a future of prosperity and security for our children regardless of race, ideology, or creed and for the benefit of this nation, which belongs to all Panamanians.

In spite of the fact that some groups, openly defying the constitutional authorities, insist on preparing and implementing their seditious plan -- which calls for an assault on the government by promoting anarchy and violence -- the General State Council declares:

1. Antigovernment seditious elements are trying to hide their true objectives using the noble feelings and sentiments of the Panamanian people as a cover.

2. The objective of this climate of sedition, which has been promoted in the past few weeks and has been gaining an increasingly subversive and destabilizing character, is to obstruct the efforts the government has been making to pull the country out of the burden of financial and economic stagnation.

Therefore, the General State Council informs the Panamanian people that the national government cannot remain passive and for this reason it recommends the adoption of whatever measures are necessary to safeguard social peace and public order and to guarantee life, property, and security of citizens by using all the means that the Constitution and the law has placed at its disposal, especially under the special circumstances such as those that some politicians and groups are trying to unleash to the detriment of the national majorities.

Finally, the General State Council publicly states its backing for President Eric A. Del Valle and to the Defense Forces, guarantors and custodians of the social peace we must maintain.

BELIZE

BARROW NOTES ANTIMARIJUANA CAMPAIGN IN UN SPEECH

FL090045 Bridgetown CANA in English 2335 GMT 8 Oct 85

[Text] United Nations, Oct 8, CANA-REUTER -- Belize said today it was striving to eradicate marijuana trafficking, but rejected demands that it use chemical herbicides until it was satisfied they did not pose unacceptable health or environment risks.

In an address to the General Assembly, Belize Foreign Minister Dean Oliver Barrow said his country had become a large-scale producer of marijuana over the past five years, due to the continually expanding market provided by the United States.

Within the limits of our resources, we have made herculean efforts to stamp out the trade and defeat the danger of destabilization which it poses, he said. But, alluding to pressure from Washington, he said it was distressing to hear the claim that Belize had failed to eradicate any of its drug crop. To say that is to propagate disinformation of the most malicious sort.

Belize had been urged to resort to aerial spraying of marijuana plantations, using chemical herbicides, he said.

But we have so far preferred to employ manual eradication methods, until we can assure ourselves and our people that the aerial spraying exercise would involve no unacceptable health or environmental risks, he added.

Power disequilibria cannot be allowed to defeat the sovereign right of small states to act in what they consider to be their national interest, Barrow said.

We must, therefore, stand before this tribunal today and, in accordance with its charter, reject the threat of coercion implied in the possibility (which has been held out to us) of an aid cut-off or other measures designed to force us to move prematurely and in a way we consider undesirable.

COSTA RICA

FRG SHIP DETAINED; SUSPECTED OF CARRYING WEAPONS

PA090211 Buenos Aires REUTER in Spanish 0104 GMT 9 Oct 85

[Text] San Jose, 8 Oct (REUTER) -- The Costa Rican security forces have detained an FRG ship en route to Nicaragua. Costa Rican Public Security Minister Benjamin Piza said today that the ship was stopped because it was suspected of carrying weapons for the Sandinist government.

Speaking to the press, Minister Piza identified the ship as the "Tequila" and added that it was detained yesterday in Golfito, where it was unloading mining equipment. The minister said that the ship, coming from Mexico, has a shipment marked "agricultural supplies" and that its destination is the Port of Corinto, Nicaragua.

"Some of the packages marked for Nicaragua bear indications that they are donations for the Nicaraguans," Edgar Aleman, the Golfito port captain, said. Costa Rican law forbids the transportation of war materiel through its territory.

'INTENSE CLASHES' REPORTED ALONG NICARAGUAN BORDER

PA041949 San Jose Radio Impacto in Spanish 1845 GMT 4 Oct 85

[Text] Intensive clashes have been reported in the southern part of Nicaragua, near the Civil Guard posts in Mexico de Upala. This was reported by Public Security Minister Benjamin Piza Carranza. The clashes occurred near Sandinist posts on the shores of the Papaturro River, which empties into Lake Nicaragua.

The rest of the border is quiet, Minister Piza Carranza noted.

Meanwhile, the Public Force Northern Command, located in La Cruz, Guanacaste, has reported that the Penas Blancas sector is quiet. However, clashes have been reported 5 km from our border in that area, between Sandinist People's Army patrols and columns of the UNO-FARN [Nicaraguan Opposition Unity-Revolutionary Armed Forces of Nicaragua] rebels, commanded by El Negro Fernando Chamorro.

Costa Rican authorities have reinforced several border posts in La Cruz, Victoria de Upala, and nearby areas in the past few days.

PVP REITERATES SOLIDARITY WITH NICARAGUA

PA080217 San Jose LIBERTAD REVOLUCIONARIA in Spanish 20-26 Sep 85 p 4

[Declaration of the Central Committee of the Popular Vanguard Party entitled "Reagan Is Intent on Leading Us to War"]

[Text] The Central Committee of the Popular Vanguard Party [PVP], meeting on 14 and 15 September, 164 years after the first independence of the Central American peoples, reiterates its solidarity with the Nicaraguan people, the Sandinist people's revolution, and their vanguard, the FSLN.

The PVP Central Committee denounces the dangers inherent in the aggressive policy imperialism is implementing against the sister people of Nicaragua, which can only lead to a generalization of the war.

Ever since the triumph of the Sandinist people's revolution in July 1979, the Nicaraguan people have had to confront the dirty war that the United States is promoting through mercenary bands whose sanctuaries are in Honduras and Costa Rica. With exemplary heroism, the Nicaraguan people and their heroic Sandinist People's Army have confronted the aggressions and have dealt serious defeats to the mercenaries financed by the CIA. Now, aware that the mercenary bands will not be able to defeat the revolution, the imperialists are preparing a direct intervention with their own troops. The most recent developments -- the "contra" aggressions from Honduras and Costa Rica and the Honduran Army's aggression against Nicaragua -- seek only an excuse for the Yankees to intervene shamelessly.

This gravely endangers the Central American peoples' peace and sovereignty.

It will not be possible to limit the war that the Yankees seek to unlease against Nicaragua to that nation's borders. It will be a regional war, because all Latin Americans will rise as one against the intervention. That war will bring great suffering to our peoples, particularly the peoples of Nicaragua, Honduras, and Costa Rica. But a direct aggression by the Yankee soldiers could also be a serious mistake by the imperialists and the Central American oligarchies. This aggression will turn all of Central America into a new Vietnam, which will sooner or later defeat the aggressors.

The PVP urges everyone, especially workers, to increase their solidarity with the Sandinist people's revolution, to struggle for the peace and sovereignty of the Central American peoples, and to demand a change in the antipeace policy of Luis Alberto Monge's government.

We, the authentic patriots, demand that the "contras" be expelled from national soil, that an end be put to militarism, tha the Murcielago military base be dismantled, and that a demilitarized zone be established along the Costa Rican-Nicaraguan border. Yes to peace! No to war!

PVP Central Committee

15 September 1985

EL SALVADOR

DUARTE ATTEMPT TO COMMUNICATE WITH KIDNAPPERS FAILS

PA090442 Paris AFP in Spanish 0409 GMT 9 Oct 85

[Text] San Salvador, 8 Oct (AFP) -- Salvadoran President Jose Napoleon Duarte tried unsuccessfully to reach an agreement with the kidnappers of his eldest daughter, Ines Guadalupe, because radio communication with them was unmonitorable.

According to the transmissions monitored here, the "Pedro Pablo Castillo" front, identified as "Libertad, told the president during their first communication that they would first air a message from Ines Guadalupe, Apparently they did, but the voice could not be fully identified.

Duarte, "Jupiter" in the transmission, told his daughter's captors in an anguished tone: "We can barely copy you. Improve your transmission. This is Napoleon Duarte speaking." He repeated: "We can barely copy you. Improve your transmission. This is Napoleon Duarte speaking."

"Libertad" replied: "This is the Pedro Pablo Castillo Front to Napoleon Duarte. Do you copy me; is it better? Duarte replied: "Go on."

Again, during the unmonitorable message, Ines Guadalupe Duarte was heard to say: "Dear Father, when you were president of the government junta..." and at that moment the signal was lost due to excessive interference.

Then Duarte told the kidnappers: "We are not hearing the message well; we do not distinguish her tone of voice. In fact, it seems as if the voice is not hers."

In their communications with the president, the kidnappers mentioned the names of 9 missing people; however, it was not clear if they are asking for their return in addition to the list of 33 political prisoners already known.

The front today mentioned America Fernando Perdomo, a member of the Human Rights Commission who was captured with Bernabe Recinos' Salvador Renderos' wives. They are also missing. The front also mentioned Abdala Antonio Handal, who was captured in 1980 and who is the brother of Jorge Shafick Handal, and Juan Gilberto Portillo. Most of these people were arrested for their ties with the Communist Party of El Salvador (PCS). Handal is the youngest brother of a family of PCS leaders.

During this evening's broadcast, President Duarte suggested the Pedro Pablo Castillo Front change frequencies, "because at this moment reporters from around the world are listening to us." Duarte later explained that even though "the information does not leave my office," it can be picked up by shortwave radio.

In view of the multiple interferences, Duarte's assistants tried to make contact again. Meanwhile, the kidnappers were also trying to make contact by calling "Jupiter," but this time with a stronger signal. However, there was no reply, and contact was lost once again.

Prior to this afternoon's frustrated attempt, the government had told the foreign press that tomorrow, Wednesday, they would release some information regarding the negotiations with the kidnappers. Two days from now Ines Guadalupe Duarte will have been in the hands of the kidnappers for a month. For the moment, there are no signs that she will be released.

GUATEMALA

MEJIA DENIES PRE-ELECTION MEETING WITH CANDIDATES

PA080354 Guatemala City EL GRAFICO in Spanish 6 Oct 85 p 4

[Text] General Oscar Mejia Victores, Guatemalan head of state, has said there will be no meetings with presidential candidates before election day. He said that although it would be no problem, he prefers not to meet with them again prior to election day.

"I think the presidential candidates are doing well so far. If I call a meeting it could lend itself to misinterpretation, and they could think that I am trying to make a deal or to force them to do something against their will," Mejia Victores said.

Regarding U.S. Government officials visiting our country, Mejia Victores denied that they had come to Guatemala to support any particular candidate. "That is not so, and whoever dares to say such a thing is a liar," said Mejia Victores. "They are here to witness the process and to observe the situation in our country," he added.

In conclusion, Mejia Victores said: "The government has said publicly on several occasions that it is not supporting any of the candidates, and the U.S. Government knows this very well."

NICARAGUA

D'ESCOTO ALLEGES 'ANOTHER ATTACK FROM COSTA RICA'

PA090354 Panama City ACAN in Spanish 1009 GMT 9 Oct 85

[Text] Managua, 8 Oct (ACAN-EFE) -- The Nicaraguan Government today denounced another attack "from Costa Rican territory" against Sandinist Army troops at the southern border. An official source said that Nicaraguan Foreign Minister Miguel D'Escoto sent a note to Costa Rican Foreign Minister Carlos Jose Gutierrez to denounce the incident.

D'Escoto said that a rebel force comprised of an undetermined number of men attacked Sandinist combatants operating in the Nicaraguan sector of the San Juan River delta.

The foreign minister asserted that the aggression originated in Costa Rican territory, very close to a Costa Rican Civil Guard border post.

During the attack "the force of mercenaries" used rifle and artillery fire and a 57-mm cannon, but the diplomatic note did not mention casualties.

D'Escoto said that the aggression occurred yesterday when Nicaraguan authorities reported the presence of about 450 armed men in Costa Rican territory near the Nicaraguan border.

In addition, the Defense Ministry reported today that Sandinist troops inflicted 34 casualties, including 22 dead, on the anti-Sandinist forces during armed clashes between 4 and 7 October. According to the official report, the clashes occurred in sectors of Chontales, Rio San Juan, and Central Zelaya Departments.

The source said that during the same period the rebels kidnapped eight people and murdered two others. The source added that as a result of the clashes, a civilian bus, a Construction Ministry jeep, and a lumber truck were destroyed.

Note Warns of Contra Movements

PA081408 Managua Domestic Service in Spanish 1212 GMT 8 Oct 85

[Text] The Nicaraguan Foreign Ministry advised the Costa Rican Government yesterday that a counterrevolutionary group attacked a Sandinist People's Army border post located in the area of San Carlos, 2 km from La Penca from Costa Rican territory. The mercenaries used rifles, mortars, and 57-mm cannons, the protest note states.

The revolutionary government indicated that the use of armament of that nature constitutes a qualitative escalation of the aggression against Nicaragua. The Foreign Ministry stressed that this escalation coincides with the disbursement of the misnamed humanitarian aid by the U.S.Government to the forces acting under its guidance and headquartered in Costa Rica.

The revolutionary government alerted the Costa Rican Government to the movement of approximately 250 mercenaries in the Papaturro area and another 200 armed men in Pocosol. The two areas are inside Costa Rican territory.

RAMIREZ REPORTS PANAMANIAN, COLOMBIAN SUPPORT

PA081445 Managua BARRICADA in Spanish 6 Oct 85 p 5

[Text] Nicaraguan Vice President Sergio Ramirez Mercado stressed upon his return to Managua the cordiality with which he was received by the presidents of Panama and Colombia, Eric De Valle and Belisario Betancur, who pledged to promote the creation of a special commission within the Contadora Group to investigate the concentration of mercenary forces in Honduran territory, adjacent to Nicaragua.

Ramirez Mercado stated that the placement of regular Honduran Army troops in front of the contra lines in Honduran territory near the Nicaraguan border creates an "extremely serious" situation.

He indicated that the situation may have been promoted by the U.S. Government to create pretexts for the generalization of war in Central America and the intervention of U.S. troops in the area.

The Nicaraguan Government leader underscored the receptiveness toward his positions found in Presidents Del Valle and Betancur who, in addition to their pledge to have the Contadora Group propose to Honduras the creation of the special commission, will revitalize the proposal to create a neutral zone between Costa Rica and Nicaragua, supervised by multinational forces.

With regard to the expansion of the Contadora Group, Ramirez Mercado told the two presidents that Nicaragua's relations with Ecuador and the Dominican Republic are excellent, but he expressed his concern that the initiative to include those two countries in the group came from the United States, which seeks to obstruct the peace-keeping process.

ORTEGA SENDS ANNIVERSARY MESSAGE TO GDR

PA081432 Managua Domestic Service in Spanish 0300 GMT 8 Oct 85

[Message from President Daniel Ortega to Erich Honecker, chairman of the GDR State Council and secretary general of the Central Committee of the Socialist Unity Party of Germany; date not given]

[Text] Your Excellency, Companero Erich Honecker, secretary general of the Socialist Unity Party of Germany [SED] and chairman of the GDR State Council, Berlin.

Dear Companero: On behalf of the FSLN National Directorate, the revolutionary government, and the Nicaraguan people, we express fraternal greetings to the SED and the Government and people of the GDR on the occasion of the commemoration of the 36th anniversary of the founding of the GDR.

In its 36 years as a socialist state and from the first day of its existence, the GDR has with consistency and perseverence maintained a foreign policy committee to peace, international security, and friendship among peoples.

The National Directorate and the Presidency of the Republic are deeply grateful for the militant solidarity and effective cooperation the GDR has given us since the revolutionary triumph, during all the times that we have needed them, thus becoming an important pillar of support in the consolidation and development of the Sandinist people's revolution.

We reiterate our fraternal greetings, and we also celebrate the anniversary of the GDR, confident that the ties between our brother peoples will continue to be strengthened.

Fraternally,

[Signed] Daniel Ortega Saavedra

ASSEMBLY PASSES LAW TO FIGHT GRAFT, FRAUD

PA040419 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 2 Oct 85

[Excerpts] The National Assembly has passed the law on crimes of misappropriation, fraud, and graft, which provides for penalties for officials who misuse public property. According to the law, the assets of the accused will be confiscated to guarantee compliance with the obligation to pay indemnity for damages or costs caused to the state.

Under this law, the Attorney General's Office is authorized to request the confiscation of the assets before a civil district court judge.

The plenum of the Assembly also discussed a bill submitted by the Socialist Party calling for the abolishment of the unemployment fund, which was created after the victory of the revolution. It also voted to summon the organization responsible for this fund to come before the Assembly and report in detail how it has used the contributions that have been made by the workers through the 13th month bonus. The bill was sent to a commission for their respective report.

ARDE REPORTS FINDING 72 MUTILATED CORPSES

PA050015 Bogota EL SIGLO (NICARAGUA HOY Supplement dated 25 Sep 85) in Spanish 27 Sep Sep 85 p 1

[Text] Rebels of the Democratic Revolutionary Alliance [ARDE] have reported to NICARAGUA HOY that on 2 September they found 72 mutilated corpses scattered in a large sector of the jungle. These were bodies of women, old people, youths -- avoiding the military service -- and children who were fleeing toward the southern border of Nicaragua.

The massacre was perpetrated at El Achiotal, 4 hours from Cerro del Diablo, Rio San Juan Department, when the group of civilians was reportedly ambushed by the "sombreritos," Sandinist People's Army [EPS] forces specialized in counterinsurgency operations and led by Cubans, who operate mainly in the southern zone of Nicaragua, according to the ARDE leader's report via shortwave radio.

NICARAGUA HOY contacted the squad commander, identified as "EL Policia," who had examined the corpses. He said:

"It was horrendous, I saw people whose feet had been blown away; bodies without arms; women still holding their machinegunned children; elders and youths whose throats had been slit. The corpses were totally decomposed, and it was apparent that they had been ravaged by wild animals."

"El Policia" continued: "This is not the first case; these slaughters have been taking place for quite some time. Another discovery was made in the sector of "Tango Tres." There were approximately 20 civilians who came from the sectors of Nueva Guinea; their corpses showed the same mutilations as those in El Achiotal. Some of the corpses were completely mutilated because they had apparently fallen into a mine field when fleeing from the ambush."

The ARDE squad leader concluded his horrifying testimony as follows: "We see these horrible scenes in the zones where the "Sombreritos" operate. You find terrible scenes like the one of a humble peasant woman who had been tied to a tree; her breasts had been sliced off, and a stick had been shoved into her genitals. The body of a small boy, approximately 5 years old, was found beside her; he could have been her son. His throat had been slit."

BRIEFS

BOS OFFICIAL SPOKESMAN NAMED -- Dr Leon Nunez Ruiz has been appointed secretary and official spokesman of the Southern Opposition Bloc (BOS), a Nicaraguan organization struggling in exile against the Sandinist regime. The announcement was made by BOS Directors Adolfo Chamorro, Alfredo Cesar, Bayardo Lopez, Jose Davila, and Alvaro Jerez. [Summary] [San Jose LA REPUBLICA in Spanish 28 Sep p 9 PA]